

HOW DOES THE NEW **SENIOR TAX** AFFECT
ME? WHAT SHOULD I KNOW ABOUT THE
NEW CHANGES?

PLEASE JOIN STATE REPRESENTATIVE
CHARLES SMILEY

FOR A TOWN HALL MEETING
TO GET YOUR QUESTIONS ANSWERED!

Monday, March 26
7 p.m.

Burton City Hall
4303 S. Center Road | Burton



State Representative **Charles Smiley**

Lansing: (517) 373-3906 | Toll-free: (855) CSMILEY (276-4539)

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HOW DOES THE NEW **SENIOR TAX** AFFECT ME?

Born before 1946

No changes from current law.

Public pension income remains exempt from income tax.

Private pension income exempt from tax up to \$45,120 (or \$90,240 for joint filers).

Born between

1946 and 1952

All pension/retirement income up to \$20,000 (or \$40,000 for joint filers) tax-exempt.

Retirement income above \$20,000 (\$40,000 joint) will be taxed at 4.35 percent rate (4.25 percent starting Jan. 1, 2013), not including military pensions or Social Security.

When filer turns 67, they may claim an exemption of \$20,000 (\$40,000 joint) against all types of income.

Born after 1952

All pension/retirement income taxed at 4.35 percent (4.25 percent starting Jan. 1, 2013), not including military pensions or Social Security.

When filer turns 67, they may claim an exemption of \$20,000 (\$40,000 jointly) against all types of income.

If the Social Security exemption combined with the personal exemption is more than the senior income exemption, the filer may claim the greater of the two options.

WHAT SHOULD I KNOW ABOUT THE **NEW CHANGES?**

Q: IF BOTH MY SPOUSE AND I HAVE PENSION INCOMES, WHOSE BIRTH DATE IS CONSIDERED?

A: For couples, the age of the elder filer applies.

Q: ARE MILITARY PENSIONS PART OF THE PENSION TAX?

A: No, military retirement income is exempt from the new pension tax.



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TAX FAQ

Q: WHAT OTHER CREDITS CAN I NO LONGER CLAIM UNDER THE NEW SYSTEM?

- » Senior and Unemployment Insurance Special Exemption (for older adults whose income is significantly based on unemployment benefits)
- » Child Deduction (\$600 for each dependent child age 18 or younger)
- » City Income Tax Credit (offset city income tax liability)
- » Historic Preservation Credit (historic site rehabilitation projects)
- » Senior Investment Deduction (phased out, based on age)
- » Vehicle Donation Credit
- » College Tuition and Fees Credit and Individual or Family Development Credit (for low-income families to use toward education)
- » Adoption and Stillbirth Credits
- » Miscellaneous Other Subtractions (including for charitable gaming prizes, political contributions, etc.)

Q: WHAT WILL HAPPEN TO MY HOMESTEAD CREDIT?

A: Instead of being available to taxpayers earning less than \$82,650, the Homestead Property Tax Credit is reduced, and will only be available to:

- » Individuals earning less than \$50,000 per year, and
- » Homesteads for which the taxable value is less than \$130,000

Q: WHAT IF MY FAMILY CLAIMS THE EARNED INCOME TAX CREDIT FOR LOW-INCOME WORKING FAMILIES?

A: The state will only allow for a 6-percent of federal EITC, instead of the 20-percent credit available in the past.

Q: WILL I STILL BE ABLE TO CLAIM A DEDUCTION FOR CHARITABLE CONTRIBUTIONS?

A: No, unfortunately the new system eliminated the Homeless Shelter/Food Bank Credit, the Community Foundations Credit, the Charitable Contribution Credit, and the Public Contributions Credit.